

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 91-260-C - ORDER NO. 91-812
SEPTEMBER 30, 1991

IN RE: Application of North American Intelcom,)	ORDER
Inc. for a Certificate of Public)	GRANTING
Convenience and Necessity to Operate as)	CERTIFICATE
a Reseller of Telecommunications Services)	
within the State of South Carolina.)	

This matter is before the Public Service Commission of South Carolina (the Commission) by way of the Application of North American Intelcom, Inc. (NAI) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications service in the State of South Carolina and to place telephones in confinement facilities. NAI's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1990) and the Regulations of the Public Service Commission of South Carolina. The Commission's Executive Director instructed NAI to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of NAI's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. NAI complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by

Southern Bell Telephone and Telegraph Company (Southern Bell); and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on Tuesday, August 27, 1991, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. Frank R. Ellerbe, III, Esquire, represented NAI; Carl F. McIntosh, Esquire, represented the Consumer Advocate; Fred A. Walters, Esquire and Caroline Watson, Esquire, represented Southern Bell; and Marsha A. Ward, General Counsel, represented the Commission Staff.

NAI presented the testimony of Stanley M. Wykosky in support of its Application. Mr. Wykosky explained NAI's request for certification to operate as a reseller of interexchange telecommunications services in South Carolina, and the Company's desire to place telephones in confinement facilities. Wykosky testified that the Applicant is a privately-held corporation incorporated in the State of Delaware, but that Applicant has applied for authority to do business as a foreign corporation in South Carolina. NAI is a nonfacilities based operator assisted and automated telecommunications reseller. NAI seeks to provide interexchange telephone service from points of origin within the State of South Carolina to termination points within South Carolina, within other parts of the United States or within foreign countries. These services primarily will be used by callers from confinement facilities, such as county jails, state correctional, juvenile and mental health, federal and private

facilities, including temporary housing units. NAI will not construct any new facilities to implement the authority sought here. The proposed services, if allowed, will be furnished, through the use of Alternate Operator Service (AOS) and Automated Equipment Services to be installed and utilized at the facility being serviced and by using WATS and WATS-like facilities leased from other carriers. All calls will be made on a collect-only basis, and will use store-and-forward technology.

Wykosky outlined NAI's financial qualifications background and technical capabilities. Wykosky explained that public convenience and necessity required issuance of any NAI's requested certificate, primarily because of the unique services that NAI intends to provide to correctional facilities.

Southern Bell presented the testimony of C. L. Addis, who is Staff Manager - Regulatory Matters for Southern Bell. Addis testified that in his opinion, the Commission should not grant the requested authority, to provide local and intraLATA operator services. Addis's grounds for this is that the Commission, if NAI's authority is granted, could expect to be besieged by requests from previously certificated AOS providers to expand their authority on a local and an intraLATA basis as well, thus, compounding the risks to the flow of intraLATA revenue support for local exchange service. Further, Addis opposed the provision of Alternate Operator Services to the inmate facilities, since in his opinion, the Commission has reserved in the past, handling of live operator calls to the local exchange companies. In summary, Addis

believe that the requested Application should be denied.

After full consideration of the applicable law and of the evidence presented by NAI, the Consumer Advocate, Southern Bell, and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law.

FINDINGS OF FACT

1. NAI is incorporated under the laws of the State Delaware.
2. NAI operates as a reseller of long distance telecommunications, and operates coin or coinless telephones in South Carolina already.
3. NAI will provide collect calling from confinement facilities.
4. NAI has the experience, capabilities, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to NAI to provide intrastate, interLATA service through the resale of interstate Wide Area Telecommunications Service (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission, and to provide local and intraLATA services as described above to correctional and other confinement facilities only.

2. If NAI incidentally or accidentally completes any intraLATA calls, other than those described above, or other than those originating from correctional or other confinement facilities, the LEC shall be compensated by NAI as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket No. 86-187-C.

3. The Commission adopts the rate design for NAI for its resale services for interLATA calling which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with a flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts NAI's proposed maximum rate tariffs and adopts said rates for provision of services to confinement facilities.

4. NAI shall not adjust its rates for interLATA calls below the approved maximum level without notice to the Commission and to the public. NAI shall file its proposed rate changes, publish its Notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes and a proposed increase in the maximum rate level reflected in the tariff, which would be applicable to the general body of NAI's subscribers should constitute a general ratemaking proceeding and will be treated in accordance with the Notice and Hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1990).

5. For the provision of intrastate telecommunications service, NAI may only use underlying facility-based carriers that are certified by this Commission to provide such service. NAI shall notify the Commission in writing of its underlying carrier(s) and of any change in its carrier(s).

6. NAI shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order.

7. NAI is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similar to facilities-based interexchange carriers.

8. Any confinement facility COCOT provider wishing to provide interLATA, intraLATA or local "0+" collect calling, using store-and-forward technology should file an application with the Commission requesting certification to provide any or all of the above-mentioned services.

9. The rates charged for such "0+" collect calls from confinement facilities on a local or intraLATA basis shall be no more than the rates charged by the LEC for local or intraLATA operated assisted calls at the time such call is completed.

10. That the rates charged for "0+" collect calls from confinement facilities on an interLATA basis shall be no more than the rates charged for interLATA operator assisted calls by AT&T Communications at the time such call is completed.

11. The Applicant is required to brand all calls so that it

is identified as a carrier of such calls to the called party.

12. A "0+" collect call should only be completed upon affirmative acceptance of the charges from the called party.

13. Called detail information submitted by the Applicant to the LECs for billing must include the COCOT access line number assigned to the line by the local exchange company.

14. The bill provided to the called party should provide the name of the company and a toll-free number for contacting the company concerning any billing of service questions.

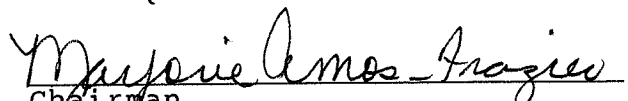
15. That NAI shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178, in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

16. NAI shall file with this Commission its Certificate of Authority to operate as a foreign corporation in South Carolina when certificate is obtained from the Secretary of State.

17. That the matters as stated above herein are so ordered.

18. That this Order shall remain in full force and effect
until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).